

## Message Text

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46

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 CCO-00 NSCE-00 INRE-00 /026 W

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O R 161515Z MAR 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC IMMEDIATE 1001

INFO AMEMBASSY TEL AVIV

C O N F I D E N T I A L CAIRO 3434

EXDIS

EO 11652: GDS

TAGS: ENRG ECON PFOR EG IS XE US

SUBJECT: ISRAELI DRILLING ACTIVITIES IN GULF OF SUEZ

REF: (A) CAIRO 8711, (B) STATE 279392

1. AT FONMIN FAHMY'S SUGGESTION, AHMAD HILAL, MINISTER OF PETROLEUM, ASKED AMBASSADOR TO MEET WITH HIM MARCH 16. HILAL PRESENTED AMBASSADOR WITH MAP OF SOUTHERN GULF OF SUEZ AND POINTED OUT THAT GOE CONCERNED RE NEW ISRAELI DRILLING ACTIVITY IN AREA NORTH RAS GHARIB. HILAL EXPLAINED THAT EGYPTIANS HAD BEEN OBSERVING ISRELI ONSHORE DRILLING ACTIVITY JUST NORTH OF SHEIKH RIYAH ON SINAI COAST FOR SOME TIME. THIS RIG, HOWEVER, HAS NOW BEEN REMOVED.

2. ABOUT FEBRUARY 2, OFFSHORE RIG APPEARED AT COORDINATES IDENTIFIED ON EGYPTIAN SURVEY DEPARTMENT MAP AS LATITUDE 28 DEGREES 02 MINUTES 30 SECONDS NORTH AND LONGITUDE 33 DEGREES, 43 MINUTES 05 SECONDS EAST. POSITION ALSO DESCRIBED AS 25 KM. SOUTHWEST OF TUR AND 3 KM. FROM SINAI COAST. DRILLING COMMENCED AT OFFSHORE LOCATION, ACCORDING TO HILAL, ABOUT WEEK AGO. (ISRAELI EQUIPMENT CONSISTS OF 3 LEG JACK UP RIG AND 8 LEG CAISSON TYPE JACK UP TENDER.) HILAL, SPEAKING ON BEHALF GOE, ASKED THAT UNITED STATES USE ITS QUOTE INFLUENCE UNQUOTE TO STOP THIS DRILLING ACTIVITY.

3. HILAL FURTHER EXPLAINED THAT ISRAELIS DRILLING ACTIVITY IS  
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IN CONCESSION FOR WHICH AMERICAN COMPANY (AMOCO) PAID

QUOTE 18 MILLION DOLLAR SIGNATURE BONUS UNQUOTE. HE, THEREFORE, RAISING MATTER NOT ONLY IN CONTEXT OF GOE DISAPPROVAL, BUT IN INTEREST OF AMERICAN OIL COMPANY WHICH HAS SUBSTANTIAL STAKE IN AREA. HE ASKED FOR USG DEMARCHE TO GOI, IN PROTECTION OF AMERICAN NO LESS THAN EGYPTIAN INTERESTS, TO STOP DRILLING.

4. AMOCO EGYPT MANAGER ROSS CRAIG SUBSEQUENTLY CONFIRMED TO EMBOFF THAT AMOCO HAS OBSERVED RIG WHICH HILAL DESCRIBED FOR ABOUT 6 WEEKS. AMOCO POSITIONS RIG ABOUT 3 MILES SOUTH OF TUR AND ABOUT ONE MILE OFFSHORE. CRAIG SAID, HOWEVER, THAT THERE IS NO WAY FOR HIM TO KNOW IF RIG IS DRILLING, ALTHOUGH THE REPORTS HE IS GETTING ARE THAT RIG IS NOW IN THE JACKED-UP OR DRILLING POSITION. CRAIG BELIEVES RIG IS FORMER READING AND BATES EQUIPMENT NOW OPERATED BY DUTCH COMPANY, WHICH SALVAGED RIG FOLLOWING MISHAP OFF OMAN. HE HAS NOT REQUESTED ACTION FROM AMOCO HEAD OFFICE BECAUSE OF HIS INABILITY TO CONFIRM WHAT THE RIG IS ACTUALLY DOING.

5. ACTION REQUESTED. IN LIGHT OF USG POSITION AS EXPRESSED (REF B), SUGGEST DEPARTMENT ASCERTAIN EXACT NATURE OF ISRAELI ACTIVITY IN THE RAS GHARIB AREA. IF THEY ARE, INDEED DRILLING, WE SHOULD AGAIN REQUEST THAT THEY CEASE SUCH ACTIVITY.

6. COMMENT. ISRAELI DRILLING ACTIVITY IN GULF OF SUEZ AREA IS OF MAJOR CONCERN TO EGYPTIANS. EVIDENCE OF ISRAELI LONG TERM COMMITMENT TO DEVELOPMENT NEW OIL FIELDS CANNOT HELP BUT RAISE SUSPICIONS RE FURTHER PULLBACKS AND MAKE FUTURE NEGOTIATING PROSPECTS MORE DIFFICULT.  
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## Message Attributes

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